

COMSCINST 5890.6A	COG CODE N2	DATE 1 DEC 1981
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DEPARTMENT OF THE NAVY
 COMMANDER MILITARY SEALIFT COMMAND
 WASHINGTON NAVY YARD BLDG 210
 901 M STREET SE
 WASHINGTON DC 20398-5540

COMSCINST 5890.6A
 M-7
 1 December 1981

COMSC INSTRUCTION 5890.6A

Subj: Settlement of salvage claims with the Supervisor of Salvage, U.S. Navy

Encl: (1) Memorandum of Agreement between COMSC and SUPSALV

1. Purpose. To transmit enclosure (1) and establish procedures for settling billings from the Supervisor of Salvage, U.S. Navy (SUPSALV) for salvage services to MSC ships and cargoes by other elements of the Navy or SUPSALV contracted services.

2. Cancellation. COMSC Instruction 5890.6.

3. Discussion

a. Enclosure (1) is a memorandum of agreement reached between COMSC and SUPSALV for payment to SUPSALV for salvage services rendered to Government-owned ships of the MSC fleet and to MSC cargo in commercial ships. It contains detailed provisions for the settlement of claims when the services are rendered by U.S. Navy ships or craft or by contract operated salvage ships or by salvors under contract to SUPSALV. The one exception is the payment for services to MSC cargo in commercial ships when SUPSALV has elected to claim on a salvage bonus basis; that is, under the principles of maritime law for noncontract salvage.

b. Enclosure (1) contemplates the direct payment by MSC to SUPSALV rather than through the medium of general average. The purpose of this is to eliminate additional charges which would be incurred by the handling of this payment from one Navy activity to another through general average and not to burden carriers with having to make salvage payments to SUPSALV on behalf of MSC cargo and then have to carry such charges until payment of general average.

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4. Action. Action addressees will insure that the Assistant Supervisor of Salvage, U.S. Navy (ASTSUPSALV), Room 1313, Federal Office Building, 90 Church Street, New York, New York 10007, telephone 212-264-5982, has knowledge of the existence of MSC cargo on commercial ships known to have been salvaged under the direction of SUPSALV so that claims for salvage services to MSC cargo are not billed to a general average adjuster. Area commanders are authorized to settle claims submitted by ASTSUPSALV for salvage services rendered to MSC ships and cargoes by other elements of the Navy or SUPSALV contracted services in accordance with enclosure (1).

"Signed"
W. C. HAMM, Jr.
Deputy

Distribution:

SNDL 41B (MSC area commands) (30)
41C (MSC subarea commands) (5)
41D (MSC offices)

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MEMORANDUM OF AGREEMENT

1. The Commander, Military Sealift Command, and the Supervisor of Salvage, USN, do hereby agree that the following provisions of this agreement contain the policies and procedures to be followed whenever salvage services are rendered to the categories of ships and vessels described herein, and for which salvage services the Supervisor of Salvage, USN, is authorized to assert affirmative salvage claims pursuant to the authority delegated to the Supervisor of Salvage, USN, under Section 7365 of Title 10, United States Code.

a. The Supervisor of Salvage, USN, will bill, and MSC will pay, in accordance with the following procedures, for salvage services provided by the Supervisor of Salvage to Government-owned ships of the MSC fleet, and to commercial ships transporting cargo shipped by MSC (MSC cargo), as follows:

(1) For Government-owned ships of the MSC fleet, including USS ships, USNS ships (civil service-manned or contractor-operated), bareboat chartered ships and General Agency Agreement (GAA) ships, as follows:

(a) When salvage services are provided by U.S. Navy ships or craft, MSC will reimburse the Supervisor of Salvage for the cost of fuel, water, and lube oil expended, and for the cost of replacement of materials, supplies, and equipment lost, damaged beyond repair, or expended during such salvage operations.

(b) When salvage services are provided by contract-operated salvage ships, under a husbanding type contract with the U.S. Navy, and administered by the Supervisor of Salvage, MSC will reimburse the Supervisor of Salvage for the cost of fuel, water and lube oil expended, and for the cost of replacement of materials, supplies and equipment lost, damaged beyond repair, or expended during such salvage operations, and in addition, for any overtime wages required to be paid the crew of such vessels under the terms of the contract, where such overtime wages are the direct result of such salvage operations.

(c) Where salvage services are provided to such ships under any other contract that the U.S. Navy has, which is administered by the Supervisor of Salvage, USN, MSC will reimburse the Supervisor of Salvage for any amount that the U.S. Navy is obligated to pay the commercial salvor in accordance with the terms and conditions of the contract.

Enclosure (1)

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(2) For commercial vessels transporting MSC cargo, including time and voyage chartered ships, and ships transporting MSC cargo under shipping and container agreements, shipping contracts, and bills of lading, as follows:

(a) In cases where salvage services are provided to these vessels and the owner declares General Average, the Supervisor of Salvage will bill MSC directly, and MSC will reimburse the Supervisor of Salvage for MSC cargo's share of the total amount of the salvage services provided, whether the services are rendered by U.S. Navy salvage ships and forces on a per diem basis in accordance with rates published in Part 754 of the Code of Federal Regulations, or by contract-operated salvage vessels under contract with the U.S. Navy and administered by the Supervisor of Salvage.

(b) In cases where salvage services are provided to these vessels and no General Average has, or will, be declared, the Supervisor of Salvage will notify MSC of the salvage services rendered and that no General Average will be declared, and will request MSC to make a determination of the value of the government's cargo. After such a determination, the Supervisor of Salvage will bill MSC directly for the MSC cargo's share of the total amount of the salvage services provided whether by U.S. Navy salvage ships and forces on a per diem basis in accordance with rates published in Part 754 of the Code of Federal Regulations, or by contract-operated salvage vessels under contract with the U.S. Navy and administered by the Supervisor of Salvage.

(c) In those cases where the Supervisor of Salvage elects to claim on a salvage bonus basis for salvage services provided to these classes of vessels, the Supervisor of Salvage agrees to consult with MSC concerning the amount to be paid by MSC for such services.